

The Missouri Homestead Preservation Act

During the 2004 legislative session, the General Assembly enacted SB 730, sponsored by Senator Chuck Gross, which created the Missouri Homestead Preservation Act. This Act will provide property tax relief to senior citizens and disabled persons by capping the increases in their property taxes. In recent years, some counties in Missouri have experienced astronomical increases in property values and as a result, drastically higher property taxes. Property taxes in some counties have increased as much as 30 percent. These increases hit senior citizens, living on fixed incomes, the hardest.

Currently, the lowest income seniors and disabled citizens qualify for the Missouri Property Tax Credit, often known as the "Circuit Breaker." To qualify for the Missouri Property Tax Credit a single senior cannot have a household income greater than \$25,000 per year and for a couple not more than \$27,000. The Homestead Preservation Act was created to assist seniors and disabled tax payers with incomes up to \$70,000 per year. The Act does not eliminate the Missouri Property Tax Credit, it picks up where that credit leaves off. A taxpayer cannot apply for both programs for the same tax year.

The Homestead Preservation Act basically caps excessive property tax increases for eligible seniors and disabled. Residential property is reassessed in odd-numbered years. During reassessment years, qualified tax payers will be able to obtain a property tax credit for an increase in their taxes of more than 5 percent. During non-reassessment years, the credit is for increases over 2-1/2 percent. To be eligible you must be a senior citizen 65 years or older (if married, one person must be at least 65 and the spouse at least 60), or an applicant or spouse must be disabled. Annual federal adjusted gross income cannot exceed \$70,000.

Beginning in 2005, to obtain the Homestead Preservation Credit qualified tax payers must fill out an application with their local county assessor. The local assessor must verify that the property is owned by the applicant and that no improvements to the property were made exceeding 5 percent over the previous year's value. The taxpayer must then mail the verified application to the state Department of Revenue before the September 30th deadline. The taxpayer will then receive a credit on their property tax bill in the following year.

In previous years, the education community has opposed any caps or reductions in local property taxes because it would mean a loss of revenue to schools. The Missouri Homestead Preservation Act authorizes the Legislature to make an appropriation in the state budget to replace any loss of revenue to local schools.

The Homestead Preservation Act will provide tax relief to the senior citizens who are hit with huge unexpected property tax increases which put them in a position where they cannot meet their other budgetary needs such as food, utility bills, and prescription drugs without losing their homes.